

**State of Washington  
Decision Package**

**Agency:** 310 Department of Corrections  
**Decision Package Code/Title:** 9M – Medical Inflation

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**Budget Period:** 2005-07

**Budget Level:** M2 – Inflation and Other Rate Changes

**Recommendation Summary Text:**

The Department requests funds for inflationary increases to offender health care services/products at an average rate of 1.8 percent for the current biennium.

**Agency Total**

<u>Fiscal Detail</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>Total</u>
<b>Operating Expenditures</b>			
001-1 - General Fund - Basic Account-State	\$728,000	\$1,652,000	\$2,380,000

<u>Staffing</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>Annual Average</u>
FTEs	N/A	N/A	N/A

**Program 200-Institutional Services**

<u>Fiscal Detail</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>Total</u>
<b>Operating Expenditures</b>			
001-1 - General Fund - Basic Account-State	\$728,000	\$1,652,000	\$2,380,000

<u>Staffing</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>Annual Average</u>
FTEs	N/A	N/A	N/A

**Package Description**

The Department purchases health care services and supplies to render treatment to offenders. The Department's expenditures for these services and supplies have increased by approximately 58 percent from Fiscal Year 2000 to Fiscal Year 2003. The average daily population, for the same time period, has increased 11.4 percent. The Department receives funding for health services through forecast adjustments but it does not cover this level of increased costs.

The cost of these goods and services, contract providers, and prescription medication are expected to increase beyond the funding in the Department's carry-forward level for the 2005-2007 Biennium Operating Budget. The Department utilized the inflation rate supplied in the 2005-2007 Biennium Operating Budget Instructions provided by the Office of Financial Management (OFM).

## **Narrative Justification and Impact Statement**

### ***How contributes to strategic plan:***

This request is critical to agency activities, the strategic plan, and statewide results. The request ensures that the Department has the necessary resources to maintain current levels of service and performance.

This request is required to sustain the agency activity *Health Care Services for Adults in State Prisons*. The resources identified will be directed to support the agency objective to reduce the rate of growth in health care costs so that resources are used/deployed efficiently, effectively, and with regard to meeting constitutional mandates. This objective and strategy moves the Department closer to meeting its high-level organizational goal to enhance organizational capacity and competency. This high-level goal is an intermediate outcome and helps achieve statewide results that improve the safety of people and property.

### **Performance Measure Detail**

No measures were submitted for this package.

### ***Reason for change:***

This request does not add new services, functions, or activities. The funds requested are necessary to manage the projected inflation in health care cost.

### ***Impact on clients and services:***

The Department will be able to maintain the current level of service to offenders.

### ***Impact on other state programs:***

N/A

### ***Relationship to capital budget:***

N/A

### ***Required changes to existing RCW, WAC, contract, or plan:***

N/A

### ***Alternatives explored by agency:***

N/A

### ***Budget impacts in future biennia:***

Funding would be required in future biennia in order to maintain the current level of health care services.

### ***Distinction between one-time and ongoing costs:***

The inflation costs would be ongoing.

### ***Effects of non-funding:***

Not funding health care inflation will restrict the Department's ability to meet federal and state constitutional standards to provide medically necessary care.

***Expenditure Calculations and Assumptions:***

The Department requests a \$2,380,000 increase in funding to maintain the current level of health care services provided to offenders. An inflation rate of 1.6 percent for Fiscal Year 2006 and an inflation rate of 2.0 percent for Fiscal Year 2007 are being utilized to calculate the additional funding requested.

<b><u>Object Detail</u></b>	<b><u>FY 2006</u></b>	<b><u>FY 2007</u></b>	<b><u>Total</u></b>
E Goods and Services	\$223,000	\$506,000	\$729,000
N Grant, Benefits, and Client Services	\$505,000	\$1,146,000	\$1,651,000
<b>Total Objects</b>	<b>\$728,000</b>	<b>\$1,652,000</b>	<b>\$2,380,000</b>